

**House File 2478 - Introduced**

HOUSE FILE 2478

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 673)

**A BILL FOR**

1 An Act amending the sales tax imposed on certain machinery,  
2 equipment, attachments, and replacement parts used in  
3 construction.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.3, subsection 2, Code 2018, is  
2 amended to read as follows:

3 2. The sales price of sales for resale of tangible personal  
4 property or taxable services, or for resale of tangible  
5 personal property in connection with the furnishing of taxable  
6 services except for ~~sales, other than leases or rentals, which~~  
7 ~~are sales of machinery, equipment, attachments, and replacement~~  
8 ~~parts specifically enumerated in subsection 37 and used in the~~  
9 ~~manner described in subsection 37 or the purchase of tangible~~  
10 personal property, the leasing or rental of which is exempted  
11 from tax by subsection 49.

12 EXPLANATION

13 The inclusion of this explanation does not constitute agreement with  
14 the explanation's substance by the members of the general assembly.

15 This bill relates to the sales tax imposed on certain  
16 construction equipment.

17 CURRENT LAW. Under current law in Code section 423.3(37),  
18 the lease or rental of machinery, equipment, attachments, and  
19 replacement parts directly and primarily used in specified  
20 construction services by an owner, contractor, subcontractor,  
21 or builder is exempt from the sales tax (construction  
22 equipment exemption). Also under current law, in Code section  
23 423.3(2), the purchase of tangible personal property for  
24 subsequent resale, lease, or rental is exempt from the sales  
25 tax (sale-for-resale exemption). However, the purchase of  
26 construction equipment for a subsequent lease or rental that  
27 will qualify for the construction equipment exemption does not  
28 qualify for the sale-for-resale exemption.

29 BILL CHANGES. The bill strikes language excluding from  
30 the sale-for-resale exemption the purchase of construction  
31 equipment for a subsequent lease or rental that will qualify  
32 for the construction equipment exemption.

33 By operation of Code section 423.6, an item exempt from the  
34 imposition of the sales tax is also exempt from the use tax  
35 imposed in Code section 423.5.